



# CONGRESSIONAL BUDGET OFFICE PAY-AS-YOU-GO ESTIMATE

July 14, 2000

## **S. 986** **Griffith Project Prepayment and Conveyance Act**

*As cleared by the Congress on July 10, 2000*

S. 986 would direct the Secretary of the Interior, acting through the Bureau of Reclamation (Bureau), to convey the Robert B. Griffith Water Project to the Southern Nevada Water Authority (SNWA). The transfer would occur after the SNWA pays about \$112 million to the Bureau to meet its outstanding obligations under an existing repayment contract with the federal government.

CBO estimates that enacting S. 986 would yield a net increase in asset sale receipts of \$103 million in 2001, but that this near-term cash savings would be offset by the loss of other offsetting receipts over the 2002-2033 period.

CBO's estimate of the impact of S. 986 on direct spending is shown in the following table. The change in outlays resulting from this legislation would fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	-103	9	9	9	9	9	9	9	9	9
Changes in receipts	Not applicable										

Based on information from the SNWA and the Bureau, CBO expects that the authority will make the prepayment during fiscal year 2001, and that the formal project conveyance will be completed during fiscal year 2002.

S. 986 would direct the Secretary of the Interior to sell the Griffith Project to the SNWA for a one-time payment of about \$121 million. The legislation would allow the sales price to be adjusted for any payments made after September 15, 1999, and before the project transfer is completed. According to the Bureau, the SNWA has made a payment of about \$9 million during fiscal year 2000. Thus, CBO expects a payment of about \$112 million to occur during fiscal year 2001 and estimates that those receipts would be offset by the loss of currently scheduled repayments of about \$9 million a year between 2001 and 2022 and \$6 million a year between 2023 and 2033.

Under the Balanced Budget Act, proceeds from nonroutine asset sales (sales that are not authorized under current law) may be counted for pay-as-you-go purposes only if the sale would entail no financial cost to the government. Based on information from the Bureau, CBO estimates that the sale proceeds would exceed the present value of the repayment stream currently projected to accrue from the Griffith Project; therefore, selling the project would result in a net savings for pay-as-you-go purposes.

The CBO staff contact for this estimate is Megan Carroll. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.